

Congressional Subcommittee on Diversity & Inclusion

May 1, 2019

"Good for the Bottom Line: A Review of the Business Case for Diversity and Inclusion"

Adrienne Trimble – witness

"Diversity and inclusion" are my life's work. But I don't say that because "diversity and inclusion" is a nice sentiment. It's not a social program, it's not a handout. I can tell you that diversity and inclusion make good business, the best business. It is nothing less than the American future.

In American business, diversity and inclusion already have concrete, specific, and strategic meaning. It's a mistake to assume, as some will, that diversity and inclusion are today's form of "affirmative action," with accompanying quotas. Not at all: diversity and inclusion strategies make good business more profitable, more efficient, and more of a factor in every aspect of American life. They have a clear, measurable impact to a corporation's bottom line.

I am here today because I believe NMSDC is the "go-to" for diversity and inclusion in American business. We are a non-profit organization sustained by our membership, with a national network of 23 regional affiliate councils, over 1,400 corporate members, and 12,000 minority business enterprises (MBEs). Some 2,300 of those businesses are women-owned. We are uniquely positioned to partner with the D&I Committee. We can drive economic growth in communities, through business ownership and through employment, setting a foundation for sustainable wealth creation.

I would like to take this opportunity to thank you all – Congresswoman Waters and Congresswoman Beatty, in particular – for bringing emphasis to this initiative and making it a top priority for corporate America.

It's a fact that racial and ethnic demographics are on the move in our country – by 2045, our population will be majority-minority. As we approach that fundamental shift, it becomes more important than ever that all Americans have a stake in the economy that will support them – every race and ethnicity, as well as full gender parity.

Diversity and inclusion strategies also transform the approach to the consumer. They offer the best way to develop products to meet the market demand, as well as the best way to create disposable income in communities, particularly those that have been under-served and under-represented.

Last year, Forbes Magazine cited a recent study by the Boston Consulting Group (BCG) that found that increased diversity of leadership teams in business

resulted in 19% higher revenue due to innovation – a huge factor in tech companies, start-ups, and industries of the future.

I built my career in diversity and inclusion by working for a global leader in the automotive industry. The strategy we developed and implemented lined up with the company's business objectives. That was how we won senior leadership buy-in and support. It covered everything from talent acquisition, to marketing to the changing demographic consumer, to building a diverse supplier base. Senior leaders embraced the idea that, in order to achieve maximum business results, their consumers had to be reflected throughout the company.

The bottom line is that CEOs have to drive this initiative within their corporations. Sometimes, it's just asking the question: how diverse is your team, and how are all of your consumers reflected in product and/or service strategies? Diverse supply chains are better equipped to address consumer preferences in a direct way. Diverse firms tend to hire diverse workers at a much higher rate. That decreases unemployment in under-served communities, typically those with high populations of people of color.

NMSDC serves to ensure those who claim to be minority firms are indeed minority-owned, -operated, and -controlled. Our certification is the gold standard for corporate America. After we certify MBEs, we develop their skills for building growth and capacity.

Diversity and inclusion drive everything we do at NMSDC. For that reason, I would like to close by reminding everyone how urgently important access to capital is to our cause. The challenges in seeking access to capital for MBEs are obvious – painfully obvious. That is why NMSDC has established its Growth Initiative, with an additional focus for building access to capital for MBEs that are ready to grow. But we need the financial services industry to work alongside us to understand and address existing barriers to lending. This is a call to action and an advocacy issue – one that I look forward to working on with the D&I Committee.